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INTERNATIONAL WHEAT CONFERENCE

by Edward G. Cale

The recent meeting in London of the International Wheat Conference was one of a series of efforts extending over a period of more than a dozen years looking toward the negotiation and the putting into operation of an effective international agreement on wheat.

The International Wheat Conference was convened in London on March 18, 1947, to attempt to negotiate an international wheat agreement. The Conference ended on April 23 with an agreement drafted but not agreed upon. In its final session the Conference passed on to the International Wheat Council, established under the 1942 memorandum of agreement on wheat, the task of consummating the negotiations.

The Council was initially composed of representatives of Argentina, Australia, Canada, the United Kingdom, and the United States. It issued invitations in March 1946 to ten additional countries having a major interest in international trade in wheat to become members of the Council. The following eight countries accepted: Belgium, Brazil, China, Denmark, France, India, Italy, and the Netherlands. The Union of Soviet Socialist Republics and Yugoslavia, the other two countries to which invitations were issued, did not accept.

The International Wheat Conference, in deciding to ask the Wheat Council to continue the negotiations looking toward an international wheat agreement, also accepted a proposal made by the chairman of the United States Delegation to the Conference, Leslie A. Wheeler, who is also Chairman of the Council, that membership in the Council be expanded to include all countries represented at the Conference which were not members of the Council.

Invitations to attend the Conference were sent by the Government of the United Kingdom to all countries that are members of the United

Nations or of the Food and Agriculture Organization. Forty-one countries accepted the invitation and were represented either by delegates or observers. These included all thirteen of the countries that were members of the Council prior to the Conference. Twenty-eight additional countries are therefore being invited to become members of the Council. These are: Austria, Bulgaria, Colombia, Cuba, Czechoslovakia, the Dominican Republic, Egypt, Ethiopia, Greece, Guatemala, Hungary, Iran, Ireland, Lebanon, Luxembourg, Mexico, New Zealand, Norway, Peru, Poland, Portugal, Rumania, Sweden, Switzerland, Syria, Turkey, Uruguay, and Yugoslavia.

As an outgrowth of the International Monetary and Economic Conference of 1933, the first multilateral wheat agreement was signed in London in 1933. The central feature of this agreement was a set of export quotas, but the agreement was ineffective in halting a serious decline in wheat prices that was already in progress. This agreement ran for its initial two-year period and was then allowed to expire. The Wheat Advisory Committee created under it was nevertheless continued into the 1940's. In 1939 the task of drafting a comprehensive wheat agreement was assigned by the Wheat Advisory Committee to a preparatory committee consisting of representatives of Argentina, Australia, Canada, France, Germany, Hungary, Rumania, the Union of Soviet Socialist Republics, the United Kingdom, and the United States, but the work of this committee was interrupted by the war.

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In July 1941, however, the representatives of Argentina, Australia, Canada, the United Kingdom, and the United States met in Washington in a further attempt to negotiate a wheat agreement. It was as a result of these discussions that the memorandum of agreement referred to earlier was initialed on April 22, 1942, and went into effect on June 27, 1942. The Washington Wheat Meeting was unable to negotiate a full-fledged wheat agreement. The memorandum of agreement contained those points on which agreement was reached. To this memorandum there was attached a draft convention which was to be the agenda for a postwar conference on wheat, and certain provisions of which were to be placed in effect in the meantime in accordance with the provisions of the memorandum of agreement. Under this arrangement an International Wheat Council was established to administer those provisions of the draft convention which were placed provisionally in effect among the five countries in accordance with the terms of the memorandum of agreement.

The United States Delegation to the Conference was comprised of five delegates and a delegation secretary.¹ The Conference had two main committees: Committee 1, dealing with those provisions of the proposed agreement involving major matters of policy, such as quotas, prices, et cetera; and Committee 2, dealing with those provisions of the agreement involving organizational and administrative questions. Sir Gerard Clauson of the United Kingdom Delegation was elected chairman of the Conference and of Committee 1. Mr. Wheeler and Mr. Cale of the United States Delegation were elected, respectively, vice chairman of the Conference and chairman of Committee 2.

The Conference adjourned on April 3 for the Easter holidays and reassembled on April 14. Prior to the recess the two committees had prepared drafts of those portions of the agreement with which they were concerned and had submitted them to the full Conference with an indication of those provisions on which agreement had been reached in the committees and those on which agreement remained to be reached. In executive sessions of the full Conference just prior to the

recess, agreement was reached on a number of the provisions which had been left undecided by the committees, and attention was focused on the major points which remained unresolved. The Easter holiday recess afforded the various delegations an opportunity to discuss these with their governments. The two committees mentioned above did not function after the recess.

The annotated agenda of the Conference in London was a memorandum on a proposed international wheat agreement prepared by the Council. This memorandum was based on the 1942 draft convention but differed from it in a number of respects, having been prepared in the light of more recent developments in the field of international commodity policy.² For example, the memorandum contained a provision which follows a principle laid down in the ITO draft charter to the effect that exporting countries as a group and importing countries as a group shall have an equal voice in the body administering an international commodity agreement. The memorandum also contained a provision which was not in the draft convention, under which exporting countries might, under certain conditions, sell wheat at special prices to importing countries which agreed to use it in connection with special nutritional programs. This provision was recommended by the FAO Preparatory Commission To Study World Food Board Proposals, which met in Washington for approximately three months beginning on October 28, 1946.

The memorandum was published by the Council on February 19, 1947, in order that the governments which planned to send delegations to the Conference might have a fuller opportunity of obtaining the reactions of individuals and groups that would be affected by the agreement before instructions were prepared for their delegations. The memorandum envisioned a wheat agreement which would have established minimum and maximum prices at which wheat would have been permitted to move in international trade. When actual prices fell to within a certain distance of the minimum price, export quotas might have been placed in effect by the exporting countries. When actual prices approached the maximum price, supplies might have been allocated among importing countries. Export quotas and import allocations would accordingly have been devices which would have kept actual prices, respectively, from falling

¹ For members of the U. S. Delegation, see *BULLETIN* of Mar. 23, 1947, p. 532. An additional delegate, not listed, was Leroy K. Smith, Department of Agriculture.

² For an article on the draft memorandum, see *BULLETIN* of Mar. 16, 1947, p. 471.

below the minimum price or rising above the maximum price. Importing countries would have been expected to give assurance that they would continue to import substantial quantities of wheat by undertaking either to purchase a certain quantity of wheat during the life of the agreement, or to restrict domestic wheat production, or to limit government incentives to the production of wheat.

The draft agreement prepared by the Conference in London differed considerably from the agreement envisioned in the Wheat Council's memorandum. The draft agreement is essentially a multilateral bulk-purchase contract. Under it signatory exporting countries would guarantee to supply signatory importing countries, as a group, with specified annual quantities of wheat during the life of the agreement at a maximum price, and importing countries would guarantee to purchase specified annual quantities of wheat during the life of the agreement from the exporting countries, as a group, at a minimum price. The total quantity of wheat which the exporting countries would have guaranteed to supply to the importing countries during any year and the total quantity of wheat which the importing countries would have guaranteed to purchase from the exporting countries would have had to be the same. The exporting countries could have been called upon by the importing countries to deliver wheat only at the maximum price. The importing countries could have been called upon by the exporting countries to purchase wheat only at the minimum price. Transactions in wheat over and above the guaranteed quantities would not have been subject to the terms of the agreement.

Early in the Conference the Argentine representative indicated that his Government was not prepared to accept the provision under which a maximum price would have been established for Argentine wheat. It was only after this development that consideration was given by the Conference to an agreement which would not regulate all the transactions in wheat between the signatory countries. In the course of the subsequent discussions at the Conference the remaining principal exporting countries—the United States, Canada, and Australia—indicated that they were prepared together to guarantee the export of 500 million bushels of wheat to the importing countries which would sign the agreement. The proposed guaranteed export of the United States, as

indicated by the United States Delegation, was 185 million bushels. The importing countries put in guaranteed quantities which would have substantially exceeded 500 million bushels, especially during the early years of the agreement. If the agreement had been consummated with the guaranteed import quantities exceeding the guaranteed export quantities, it would have been left to the new International Wheat Council, which would have been established by the agreement, to devise a way of equating the two quantities in accordance with provisions that would have been contained in the agreement.

With respect to prices, the draft provided a maximum price of \$1.80 for the first year, \$1.70 for the second year, and \$1.80 for the last three years of a five-year agreement; and it provided for a minimum price of \$1.40 for the first year, \$1.30 for the second year, \$1.20 for the third year, \$1.10 for the fourth year, and \$1.00 for the last year. These would have been the prices applicable to the basic grade of wheat, no. 1 Manitoba Northern wheat at Fort William, Canada. The prices of other grades of wheat at other locations would have been established by adding or subtracting differentials based on cost elements such as transportation and quality differences.

The draft agreement was given to the press at the time of the final plenary session of the Conference. That session, which was open to the public, indicated why it was not possible to consummate the agreement during the Conference. Substantial agreement was reached on all of the provisions of the draft except those relating to prices. During the final plenary session the United Kingdom Delegation stated that it was not prepared to accept the price provisions of the agreement. The Canadian member then objected to having the agreement prepared for signature in view of the fact that not all the countries which he regarded essential to the successful operation of the agreement were willing to participate on the basis of the prices contained in the draft.

It was indicated, however, in the final plenary session that some of the delegations had reservations on points other than price. For example, the Indian Delegation stated that it did not feel that the draft made adequate provision to assure it supplies of wheat that are needed to replace rice until India's rice exports could be brought up to a prewar normal level or to establish a satisfac-

tory form of allocation of wheat according to need in time of shortage and during the continuance of the world supply emergency. The French Delegation expressed the opinion that the Conference had not succeeded in achieving the objectives at which it aimed. It felt that the draft instead of being "an agreement among producers" was a "commercial agreement, which is quite different".

It is therefore possible that the Wheat Council, in its efforts to bring the work of the Conference in London to fruition, will have to give consideration not only to the question of price but also to such other matters as the extent to which need, rather than commercial considerations, should influence the pattern of wheat distribution during periods of scarcity and the possibility of expanding the agreement to make it something more than a contract to buy or sell wheat.

In addition to asking the existing International Wheat Council to continue the negotiations looking toward an international wheat agreement, the Conference transmitted to the Council two resolutions which it had prepared but on which it took no formal action. One of these would have invited the Council to assemble a Technical Commission to determine in the currencies of the exporting countries concerned the equivalent maximum and minimum prices for no. 1 Manitoba Northern wheat in store Vancouver, for f.a.q. bulk wheat, f.o.b. Australia, and for no. 1 Dark Northern Spring wheat (ordinary protein) in store Duluth in respect of the following prices for no. 1 Manitoba Northern wheat in store Fort William-Port Arthur—\$1.80, \$1.70, \$1.40, and \$1.30 a bushel. The setting up of the Technical Commission was made necessary because the Conference had not worked out these equivalent prices.

The other draft resolution would have provided that so long as wheat is in short supply importing countries should agree not to buy from any source quantities of wheat or substitute grains suitable

for direct human consumption in excess of their guaranteed quantities in the proposed agreement, except to the extent that the International Emergency Food Council or any successor organization has recommended that they should receive larger quantities, it would also have provided that the exporting countries should agree not to sell to any country a quantity of wheat or substitute grains which would cause it to receive more than its guaranteed quantity, unless that country is free to do so for the reasons stated in the first part of the resolution. The purpose of this resolution was to prevent importing countries from supplementing the amount of wheat which they would be assured under the agreement by purchases outside the agreement if the effect of such purchases would increase their total consumption of wheat or substitute grains above the allocations recommended by the International Emergency Food Council. In the absence of such a provision it would have been possible for an importing country with an assured source of supply under the agreement to buy additional wheat outside the agreement during the present period of shortage to such an extent as to render ineffective the cereals allocations recommended by the Cereals Committee of the International Emergency Food Council.

The International Wheat Council has recently issued invitations through the Department of State to the 28 countries which the Conference recommended should be invited to become members of the Council. The first step toward carrying out the decisions of the Conference has therefore been taken. In transmitting the invitation, the Department of State said that it had been requested to advise the invited governments that the chairman of the Council would convene its next session as soon as he had been informed that substantial progress had been made in the discussions between certain of the governments concerned on those provisions of article VI (prices) upon which they had not been able to agree at the Conference.

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Text of Proposed International Wheat Agreement

Preamble

The Governments on whose behalf this Agreement has been signed,

Recognizing that there is now a serious shortage of wheat, and that there may later be a serious surplus;

Believing that both the excessively high prices resulting from the present shortage and the excessively low prices which would result from a future surplus are harmful to their long-term interests, whether they are producers or consumers of wheat; and

Concluding therefore that their own immediate interests, and the general interest of all countries of the world in economic expansion, both require that they should cooperate with one another to bring some order into the international wheat market,

Have agreed as follows:

Chapter I (Objectives)

Article I (Objectives)

The objectives of this Agreement are to assure supplies of wheat to importing countries and to assure markets to exporting countries at equitable and stable prices.

Chapter II (Provisions Relating to the Trade in Wheat)

Article II (Import and Export Rights and Obligations)

1. The quantity of wheat set down in Annex I to this Article against the name of each importing country shall be called that country's "guaranteed import quantity" and shall represent the quantity of wheat which the International Wheat Council provided for in Article XIV:

(a) may, in accordance with the provisions of paragraph 2 of Article IV, require that country to purchase at the minimum prices specified in or determined under the provisions of Article VI for shipment during each wheat year from the exporting countries; or

(b) may, in accordance with the provisions of

paragraph 1 of Article IV, require the exporting countries to sell to that country at the maximum prices specified in or determined under the provisions of Article VI for shipment during each wheat year.

2. The quantity of wheat set down in Annex II to this Article against the name of each exporting country shall be called that country's "guaranteed export quantity" and shall represent the quantity of wheat which the Council:

(a) may, in accordance with the provisions of paragraph 1 of Article IV, require that country to sell at the maximum prices specified in or determined under the provisions of Article VI for shipment during each wheat year to the importing country; or

(b) may, in accordance with the provisions of paragraph 2 of Article IV, require the importing countries to purchase from that country at the minimum prices specified in or determined under the provisions of Article VI for shipment during each wheat year.

3. The Council shall at its first meeting compare Annexes I and II and make such adjustments as will make the totals of the two Annexes equal to one another. Such adjustments shall, if possible, be made by agreement with the countries concerned. If all adjustments which can be made by agreement have been made and the total of Annex I is still in excess of the total of Annex II, the Council shall adjust one or more individual guaranteed quantities in Annex I so as to make the totals of the two Annexes equal to one another. In adjusting individual guaranteed quantities for this purpose the Council shall take into account the obligations which the individual importing countries are prepared to accept in respect of their guaranteed quantities in the subsequent years of the Agreement. If all adjustments which can be made by agreement have been made and the total of Annex II is still in excess of the total of Annex I, the Council shall reduce each figure in Annex II by the same proportion, unless the exporting countries concerned agree otherwise.

4. The Council may at any meeting approve an increase in any figure or figures in either Annex if an equal increase is simultaneously made in a figure or figures in the other Annex.

ANNEX I TO ARTICLE II (IMPORT AND EXPORT RIGHTS AND OBLIGATIONS)

Provisional Guaranteed Import Quantities

[Thousands of bushels*]

August-July	1947/48	1948/49	1949/50	1950/51	1951/52
Austria	23,883	23,883	20,209	16,534	...
Belgium	31,232	31,232	31,232	31,232	...
Brazil	36,743	36,743	36,743	36,743	...
China	20,000	18,000	15,000	11,000	...
Colombia	2,572
Cuba	9,186	9,186	9,186	9,186	9,186
Czechoslovakia	4,409	4,409	4,409	4,409	...
Dominican Republic	839	839	992	992	992
Egypt	9,186	9,186	9,186	9,186	...
French Union	44,091	22,045	18,372	18,372	...
Greece	16,535	16,535	16,535	16,535	...
India	56,015	28,007	28,007	28,007	...
Ireland	14,881	14,881	14,881	14,881	...
Italy	40,417	40,417	40,417	40,417	...
Lebanon	5,144	5,144	5,144	5,144	...
Mexico	16,535	16,535	16,535	16,535	16,535
Netherlands	29,394	29,394	29,394	29,394	...
New Zealand	6,000	6,000	6,000	6,000	...
Norway	7,532	7,532	7,532	7,532	...
Peru	4,409	4,409	4,409	4,409	4,409
Portugal	9,186	9,186	9,186	9,186	...
Switzerland	14,697	14,697	14,697	14,697	14,697
United Kingdom	190,000	190,000	190,000	190,000	...
TOTAL	592,886	538,260	528,066	520,391	45,819

[Hundreds of metric tons*]

August-July	1947/48	1948/49	1949/50	1950/51	1951/52
Austria	6,500	6,500	5,500	4,500	...
Belgium	8,500	8,500	8,500	8,500	...
Brazil	10,000	10,000	10,000	10,000	...
China	5,443	4,899	4,082	2,991	...
Colombia	700
Cuba	2,500	2,500	2,500	2,500	2,500
Czechoslovakia	1,200	1,200	1,200	1,200	...
Dominican Republic	228	228	270	270	270
Egypt	2,500	2,500	2,500	2,500	...
French Union	12,000	6,000	5,000	5,000	...
Greece	4,500	4,500	4,500	4,500	...
India	15,245	7,623	7,623	7,623	...
Ireland	4,050	4,050	4,050	4,050	...
Italy	11,000	11,000	11,000	11,000	...
Lebanon	1,400	1,400	1,400	1,400	...
Mexico	4,500	4,500	4,500	4,500	4,500
Netherlands	8,000	8,000	8,000	8,000	...
New Zealand	1,633	1,633	1,633	1,633	...
Norway	2,050	2,050	2,050	2,050	...
Peru	1,200	1,200	1,200	1,200	1,200
Portugal	2,500	2,500	2,500	2,500	...
Switzerland	4,000	4,000	4,000	4,000	4,000
United Kingdom	51,710	51,710	51,710	51,710	...
TOTAL	161,359	146,493	143,718	141,627	12,470

*Including wheat-flour in terms of wheat computed at 72 pounds of flour to 100 pounds of wheat.

ANNEX II TO ARTICLE II (IMPORT AND EXPORT RIGHTS AND OBLIGATIONS)

Provisional Guaranteed Export Quantities

[Thousands of bushels*]

August-July	1947/48	1948/49	1949/50	1950/51	1951/52
Australia	85,000	85,000	85,000	85,000	85,000
Canada	230,000	230,000	230,000	230,000	230,000
United States of America	185,000	185,000	185,000	185,000	185,000
TOTAL	500,000	500,000	500,000	500,000	500,000

[Hundreds of metric tons*]

August-July	1947/48	1948/49	1949/50	1950/51	1951/52
Australia	23,133	23,133	23,133	23,133	23,133
Canada	62,597	62,597	62,597	62,597	62,597
United States of America	50,350	50,350	50,350	50,350	50,350
TOTAL	136,080	136,080	136,080	136,080	136,080

*Including wheat-flour in terms of wheat computed at 72 pounds of flour to 100 pounds of wheat.

Article III (Reports to the Council)

1. The importing and exporting countries undertake to report to the Council all imports and purchases for import of wheat into their territories and all exports and sales for export from their territories giving in respect of each transaction such information as the Council may request.

2. The Council shall keep a record of all such transactions in wheat. It shall also keep a separate record of those transactions in wheat which are to count towards the guaranteed quantities set down in Annexes I and II to Article II. The difference between the guaranteed quantity of each country and the quantity recorded by the Council as counting towards it shall be called the unfilled guaranteed quantity of that country.

3. The Council shall record as counting towards the guaranteed quantity of both the importing and the exporting country for the current wheat year any transaction or part of a transaction in wheat between an exporting and an importing country if:

(a) the transaction is at a price not higher than the maximum nor lower than the minimum specified in or determined under the provisions of Article VI; and

(b) the transaction or part of the transaction so recorded has resulted, or in the opinion of the Council will result, in the shipment during the cur-

rent wheat year from the exporting country of the wheat contracted for; and

(c) the unfilled guaranteed quantities of both the exporting and the importing countries are not less than the transaction or part of the transaction so recorded.

4. The Council shall also record as counting towards the guaranteed quantities of both exporting and importing countries those transactions which are carried out in accordance with Article IV.

5. If both the importing and the exporting country concerned in a particular transaction in wheat-flour inform the Council that they are agreed that the price fixed for the transaction is not higher than the equivalent maximum price for wheat nor lower than the equivalent minimum price for wheat specified in or determined under the provisions of Article VI, the transaction shall be counted by the Council towards the guaranteed quantities of both the countries if the other conditions laid down in this Article are fulfilled.

6. The Council shall circulate to each Delegate, and may publish, a monthly statement of the unfilled guaranteed quantity of each exporting and importing country.

7. Each contracting Government shall supply such other information as the Council may from time to time request in connection with the administration of this Agreement.

Article IV (Enforcement of Rights)

1. Any importing country which at any time finds difficulty in purchasing its guaranteed quantity at a price within the price ranges specified in or determined under the provisions of Article VI may request the Council's help in securing the desired supplies. Within three days of the receipt of such a request the Secretary of the Council shall notify all exporting countries which have unfilled guaranteed quantities of the request and of the size of the importing country's unfilled guaranteed quantity, and invite them to offer the necessary quantity of wheat at or below the maximum price. If within fourteen days of this notification by the Council the necessary quantity of wheat has not been offered, the Council, having regard to all the circumstances of the case, shall as soon as possible and in any event within seven days indicate the quantities of wheat and wheat-flour respectively which it is appro-

priate for each or any of the exporting countries to sell, and the country or countries so indicated shall within one calendar month of the Council's decision make the quantities so indicated available at the appropriate maximum price.

2. Any exporting country which at any time finds difficulty in selling its guaranteed quantity within the price ranges specified in or determined under the provisions of Article VI may request the Council's help in effecting the desired sales. Within three days of the receipt of such a request the Secretary of the Council shall notify all importing countries which have unfilled guaranteed quantities of the request and of the size of the exporting country's unfilled guaranteed quantity, and invite them to purchase the necessary quantity of wheat at or above the minimum price. If within fourteen days of this notification by the Council the necessary quantity of wheat has not been purchased, the Council, having regard to all the circumstances of the case, shall as soon as possible and in any event within seven days indicate the quantities of wheat and wheat-flour respectively which it is appropriate for each or any of the importing countries to purchase and the country or countries so indicated shall, within one calendar month of the Council's decision, purchase for shipment the quantities so indicated at the appropriate minimum price.

3. Importing and exporting countries shall carry out their obligations under this Article on the same conditions regarding the currency or manner in which payment is to be made or received as apply to their imports or exports of other commodities.

Article V (Adjustment of Obligations)

1. Any contracting Government which fears that it may be prevented by circumstances, such as a short crop or the necessity to safeguard its balance of payments or monetary reserves, from carrying out its obligations shall report the matter to the Council.

2. Where difficulties with respect to the balance of payments and monetary reserves are invoked the Council shall seek and take into account, together with all other relevant facts, the opinion of the International Monetary Fund as to the existence and the extent of such difficulties.

3. The Council shall discuss the matter with the country concerned and if the Council finds that

the country's representations are well-founded it shall so rule, and if no other mutually acceptable remedy can be found the Council shall, in the first instance, if the reporting country is an importing country, invite the other importing countries, and, if it is an exporting country, invite the other exporting countries, to assume the obligations which cannot be fulfilled. If the difficulty cannot be solved in this way, the Council shall invite the exporting countries, if the reporting country is an importing country, or the importing countries, if the reporting country is an exporting country, to consider whether any one or more of them can assist the reporting country to fulfil its obligations or, failing that, accept a reduction in its or their guaranteed quantities for the current wheat year corresponding to the obligations which cannot be fulfilled.

4. A country which is relieved of its obligations by the procedure set out in the preceding paragraph shall not be deemed to have committed a breach of this Agreement.

5. If the reporting country cannot be assisted by the procedure set out in paragraph 3 of this Article and it is apparent to the Council that it will not carry out its obligations, the following procedure shall be adopted. If the reporting country is an exporting country, the Council shall forthwith reduce the total of the guaranteed quantities in Annex I for the current wheat year to an amount equal to the total of the guaranteed quantities which will remain in Annex II for the current wheat year after account has been taken of the prospective failure of one of the countries to carry out its obligations. In adjusting individual quantities in Annex I for this purpose the Council shall take into account the obligations which the individual importing countries are prepared to accept in respect of their guaranteed quantities in the subsequent years of this Agreement. If the reporting country is an importing country, the Council shall reduce the total of the guaranteed quantities in Annex II for the current wheat year to an amount equal to the total of the guaranteed quantities which will remain in Annex I for the current wheat year after account has been taken of the prospective failure of one of the countries to carry out its obligations. In adjusting individual quantities in Annex II for this purpose each figure in the Annex shall be reduced by the

same proportion, unless the exporting countries concerned agree otherwise.

Article VI (Prices)

1. The basic minimum and maximum prices for the duration of this Agreement shall be \$1.00 and \$1.80 Canadian currency per bushel at the parity for the Canadian dollar ruling on 1st April 1947 for No. 1 Manitoba Northern Wheat in store Fort William-Port Arthur. These basic prices shall be effective at all times when no other minimum and maximum prices have been prescribed as provided in this Article.

2. The minimum and maximum prices for the 1947/48 and 1948/49 wheat years respectively shall be \$1.40 and \$1.80 and \$1.30 and \$1.70 Canadian currency per bushel at the parity for the Canadian dollar ruling on 1st April 1947 for No. 1 Manitoba Northern wheat in store Fort William-Port Arthur.

3. The minimum prices for the 1949/50 and 1950/51 wheat years respectively shall be not less than \$1.20 and \$1.10 Canadian currency per bushel at the parity for the Canadian dollar ruling on 1st April 1947 for No. 1 Manitoba Northern wheat in store Fort William-Port Arthur.

4. The equivalent minimum and maximum prices for the 1947/48 and 1948/49 wheat years for:

(a) No. 1 Manitoba Northern wheat in store Vancouver;

(b) *faq* bulk wheat *fob* Australia; and

(c) No. 1 Dark Northern Spring wheat (ordinary protein) in store Duluth; shall be those minimum and maximum prices agreed between the Governments concerned.

5. The Council shall hold a special meeting in July 1949 and in July of each subsequent year for the purpose of examining all the facts and circumstances which it may consider relevant, including in particular the recent trend of wheat prices in transactions between importing and exporting countries, the present and prospective wheat supply and requirements situation, and the general level of prices, and may, if it so decides by a two-thirds majority of the votes of both importing and exporting countries voting separately, determine minimum and maximum prices for the ensuing wheat year;

Provided that the minimum prices so deter-

mined shall be not less than the minimum prices otherwise provided for in this Article nor the maximum prices greater than the basic maximum price.

6. The Executive Committee, elected in accordance with the provisions of Article XVII, may at any date subsequent to 1st August 1947 designate any other description of wheat and determine the minimum and maximum prices for it in consultation with the Governments concerned; such prices shall be fair equivalents of the minimum and maximum prices of the description of wheat named in this Article which is most closely comparable to the description of wheat so designated.

7. In the case of any other description of wheat, the minimum and maximum prices for the time being shall be derived from the minimum and maximum prices of the description of wheat named in this Article or subsequently designated by the Executive Committee which is most closely comparable to such other descriptions by the addition of an appropriate premium or by the deduction of an appropriate discount.

8. The Executive Committee if at any time it considers, or if it receives representations, that the prices agreed under the procedure set out in paragraph 4 of this Article or any prices determined under the procedure set out in paragraphs 6 and 7 of this Article are no longer, in the light of current freight or exchange rates or market premiums or discounts, fair equivalents of the prices specified in paragraph 2 or determined under the provisions of paragraph 5 of this Article, may adjust them accordingly.

9. The Executive Committee shall determine the appropriate premium or discount in the event of a dispute arising regarding a description of wheat falling under the provisions of paragraph 7 of this Article.

10. All decisions of the Executive Committee shall be binding on all contracting Governments;

Provided that any contracting Government which considers that any such decision is disadvantageous to it may ask that a meeting of the Council be convened to review the matter.

11. Contracting Governments hereby undertake to accept as final the decisions of the Council under the provisions of this Article.

12. Subject to the provisions of paragraph 3 of Article IV, nothing in this Article shall prejudice

any Foreign Exchange Control regulation or requirement in force in an exporting country as to the currency in which payment shall be received for wheat.

Article VII (Additional Supplies of Wheat)

If any contracting Governments desire to obtain supplies of wheat other than guaranteed quantities, the Council shall assist such countries to obtain the quantities which they desire from the exporting countries on equitable terms and conditions.

Article VIII (Sales for Nutritional Programs)

Any exporting country may export wheat at special prices in such quantities and for such periods and under such conditions as may be approved by the Council, but the Council shall not give its approval unless it is satisfied that the full commercial demand of the importing countries will be met throughout the period in question at not more than the minimum price. Such exports of wheat shall be utilized in nutritional programs approved by the Food and Agriculture Organization. The rights and obligations of the contracting Governments under the other provisions of this Agreement shall not be modified by virtue of such exports at special prices.

Article IX (Stocks)

1. The exporting countries shall ensure that stocks of old wheat held at the end of their respective crop-years (excluding price stabilization reserves) are not less than the quantities specified in the Annex to this Article;

Provided that stocks of old wheat in any country may be permitted to fall below the minimum so specified if the Council decides that this is necessary in order to provide the quantity of wheat needed to meet either the domestic requirements of the exporting countries or the import requirements of the importing countries.

2. The exporting and importing countries shall operate price stabilization reserves up to ten percent of their respective guaranteed quantities for each wheat year specified in the Annexes to Article II, subject to the following conditions;

(a) the total of the price stabilization reserves operated by the exporting countries shall so far as possible be equal to the total of the price stabilization reserves operated by the importing countries,

unless the Council, in order to meet special circumstances of any particular exporting or importing country, should otherwise decide;

(b) such reserve shall be accumulated as soon and so long as free-market prices are below the basic minimum price and shall be sold or utilized as soon and so long as free-market prices are above the maximum price for the time being in force;

(c) such reserves shall be accumulated first by the exporting countries, and importing countries shall be required to fill their own reserves only upon request by an exporting country that has already filled its reserves; and when free-market prices are above the maximum for the time being in force, such importing countries may draw on their price stabilization reserves for their own requirements;

(d) importing countries, when called upon to fill their price stabilization reserves, shall purchase a quantity of wheat equal to the additional wheat required for this purpose from the exporting countries whether or not they use supplies of domestically produced wheat to fill these reserves; and

(e) contracting Governments shall have the right to claim a waiver of their obligations under this Article in so far as it is necessary to safeguard their balance of payments or monetary reserves.

ANNEX TO ARTICLE IX (STOCKS)

Country	Millions of Bushels
Australia	25*
Canada	70*
United States of America	170**

*Excluding farm stocks

**Including farm stocks

Chapter III (General Provisions)

Article X (Signature, Acceptance, and Entry into Force)

1. This Agreement shall be open for signature in London forthwith, and shall remain open until 1st June 1947. It shall be subject to formal acceptance by the signatory Governments.

2. Governments at the time of signature shall indicate whether they become parties to this Agreement as importing or exporting countries by attaching their names to the appropriate Annex to Article II, together with a statement of the annual guaranteed quantity of wheat in respect of which they admit an obligation under that Article. At

the time of signature each signatory Government shall also set forth in the appropriate category in Article XII the territories to which this Agreement shall apply.

3. Acceptance shall be intimated by the deposit of an instrument of acceptance with the Government of the United Kingdom of Great Britain and Northern Ireland, which will notify the fact of each deposit of acceptance and the date thereof to the Governments on whose behalf the Agreement has been signed.

4. This Agreement shall come into force on 1st August 1947 as between the Governments which have deposited their instruments of acceptance before that date;

Provided that any such Government may on or before that date request the Government of the United Kingdom of Great Britain and Northern Ireland to summon forthwith a conference of all the Governments which have accepted the Agreement; and when such a conference is held any Government may notify its immediate withdrawal from the Agreement, if in its opinion the number of countries which have accepted the Agreement, or the guaranteed quantities stated in the Annexes to Article II, will not ensure its successful operation.

Article XI (Accession)

Any Government may accede to this Agreement with the unanimous approval of the Council and upon such conditions as the Council may lay down.

Article XII (Territorial Application)

The territories to which this Agreement applies are:

Exporting countries

Importing countries

Article XIII (Duration, Amendment, Withdrawal, Termination)

1. This Agreement shall remain in force for a period of five years from the date of its entry into force.

2. The Council shall, not less than six months before the expiry of such period, communicate to the contracting Governments its recommendations regarding the renewal of this Agreement.

3. If at any time circumstances arise which, in the opinion of the Council, affect or threaten to affect adversely the operation of this Agreement, the Council may by two-thirds of the total votes

held by the Governments of importing countries and by two-thirds of the total votes held by the Governments of exporting countries recommend an amendment of this Agreement to the contracting Governments.

4. The Council may fix a time limit within which each contracting Government shall notify the Council whether or not it accepts the amendment. The amendment shall become effective upon its acceptance by importing countries which hold two-thirds of the votes of the importing countries, including the Government of the United Kingdom of Great Britain and Northern Ireland, and by the Governments of Australia, Canada, and the United States of America.

5. Any contracting Government which has not notified the Council of its acceptance of the amendment by the date on which it becomes effective may, after giving such notice as the Council may require in each case, withdraw from this Agreement at the end of the current wheat year, but shall not thereby be released from any obligations under this Agreement not discharged by the end of that wheat year.

6. Any contracting Government which considers its national security endangered by the outbreak of hostilities may withdraw from this Agreement upon the expiry of thirty days' written notice to the Council. In the event of such a withdrawal, the Council may recommend an amendment of this Agreement in accordance with the provisions of paragraph 3 of this Article.

Chapter IV (Administration)

Article XIV (The Council)

1. An International Wheat Council is hereby established. Each contracting Government, and any non-contracting Government for which a separate guaranteed quantity is specified in an Annex to Article II, shall be a member of the Council and may appoint one Delegate and one Alternate, who may be accompanied by such advisers as their Government deems necessary. The Food and Agriculture Organization and the International Trade Organization may each nominate to the Council one non-voting representative. Pending the establishment of the International Trade Organization, the Interim Co-ordinating Committee for International Commodity Arrangements established by the Economic and Social Council of the United Nations may nominate to the Council

one non-voting representative.

2. The Council shall meet at least once during each half of each wheat year and at such other times as the Chairman may determine.

3. The Chairman shall convene a meeting of the Council if so requested by (a) the Executive Committee; or (b) the Delegates of five contracting Governments; or (c) the Delegate or Delegates of any Government or Governments holding ten percent of the total votes; or (d) the Delegate of any country presenting a request in accordance with the provisions of paragraph 10 of Article VI.

4. The presence of Delegates holding at least 60 percent of the total votes shall be necessary to constitute a quorum at any meeting.

5. The Council shall appoint for such periods, and upon such terms and conditions as it may determine, a Chairman and a Vice-Chairman. The Chairman shall have no vote.

6. The Council shall appoint a Secretary and such staff as it considers necessary and shall determine their remuneration, powers, and duties. In selecting them and in fixing their terms and conditions of employment, the Council shall have regard to the practice of the specialized agencies of the United Nations.

7. The Council shall have legal capacity in the territory of each contracting Government to contract, to acquire, and to dispose of property, and otherwise to perform its functions under this Agreement.

8. The temporary seat of the Council shall be in London. The Council, in consultation with the appropriate organs and agencies of the United Nations, shall determine its permanent seat.

9. The Council shall establish rules of procedure.

Article XV (Voting in the Council)

1. The Delegates of the importing countries shall hold 1,000 votes, which shall be distributed between them for each wheat year in the proportions which the guaranteed import quantities of the countries have to the total of the guaranteed import quantities for that wheat year. The Delegates of the exporting countries shall also hold 1,000 votes, the distribution of which for each wheat year shall be agreed between them. Each Delegate shall have at least one vote and there shall be no fractional votes.

2. When an importing country accedes to this Agreement under the provisions of Article XI, or a guaranteed import quantity is increased in accordance with the provisions of paragraph 4 of Article II, the Council shall re-distribute the votes held by importing countries in accordance with the provisions of the preceding paragraph of this Article. An exporting country acceding to this Agreement under the provisions of Article XI shall agree with the other exporting countries the number of votes which it shall hold.

3. In the event of the withdrawal of an importing country under the provisions of Article XIII, or the suspension under the provisions of paragraph 5 of Article XVIII of the voting rights of an importing country, the Council shall re-distribute the votes held by importing countries in accordance with the provisions of paragraph 1 of this Article. In the event of the withdrawal of an exporting country under the provisions of Article XIII, or the suspension under the provisions of paragraph 5 of Article XVIII of the voting rights of an exporting country, the exporting countries shall agree the re-distribution of the votes held by them.

4. Except where otherwise specified in this Agreement, decisions of the Council shall be by a simple majority of the votes cast.

Article XVI (The Powers and Functions of the Council)

1. The Council shall perform the duties assigned to it under this Agreement and shall have such powers in addition to those expressly conferred on it thereunder as may be necessary to achieve its effective operation and to realize its objectives.

2. The Council shall not, except by unanimity of the votes cast, delegate the exercise of any of its powers or functions. The Council may at any time revoke such delegation by a simple majority vote.

3. Any dispute arising out of the interpretation of this Agreement, or regarding an alleged breach of its provisions, shall be referred to the Council. The Council may appoint a committee to ascertain and report on the facts of such dispute. The Council shall on the evidence before it, including the findings of any committee so appointed, give a ruling on the dispute but no contracting Government shall be found to have committed a breach of

this Agreement except by a majority of two-thirds of the votes held by the exporting countries and of two-thirds of the votes held by the importing countries.

4. The Council, after consultation with the Wheat Advisory Committee established under the Final Act of the Conference of Wheat Exporting and Importing Countries held in August 1933 and with the International Wheat Council established under the Memorandum of Agreement approved in June 1942 and amended in June 1946, may take over all assets and liabilities of those bodies.

5. The Council shall publish an annual report.

Article XVII (Executive Committee)

The Council shall elect annually an Executive Committee which shall work under its general direction and be responsible to it.

Article XVIII (Finance)

1. The expenses of Delegations to the Council and of the members of the Executive Committee shall be met by their respective Governments. All other expenses necessary for the administration of this Agreement, including those of the Secretariat, shall be met by annual contributions from the contracting Governments. The annual contribution of each Government shall be proportionate to the number of votes held by its Delegate for that wheat year.

2. At its first Session, the Council shall approve its budget for the period prior to 1st August 1948 and assess the contribution to be paid by each contracting Government for that period.

3. The Council shall at its first Session during the second half of each wheat year approve its budget for the following wheat year and assess the contribution to be paid by each contracting Government for that wheat year.

4. The initial contribution of any Government acceding to this Agreement after the first Session of the Council shall be assessed proportionately to the number of votes held by its Delegate and to the number of full months between its accession and the beginning of the first wheat year for which it is assessed under the provisions of paragraph 3 of this Article, but the assessments already made upon other Governments shall not be altered for the current wheat year.

5. Each contracting Government shall pay to the Secretary of the Council its full contribution

within six months of its assessment. Any contracting Government failing to pay its contribution within one year of its assessment shall forfeit its voting rights until its contribution is paid, but shall not be deprived of its other rights nor relieved of its obligations under this Agreement.

6. The Council shall publish an audited statement of all its receipts and expenditures during the period referred to in paragraph 2 of this Article and during each wheat year thereafter.

7. Each contracting Government shall give consideration to granting to the funds of the Council and to the salaries paid by the Council to its staff, treatment in its territory no less favourable than that granted by it to the funds of, and salaries paid by, other intergovernmental bodies of comparable status.

8. In the event of the termination of this Agreement, the Council shall provide for the settlement of its liabilities and the disposal of its assets.

Article XIX (Relation to Other Agreements)

1. So long as this Agreement remains in force, it shall prevail over any provisions inconsistent therewith which may be contained in any other agreement previously concluded between any of the contracting Governments;

Provided that if two contracting Governments both desire to maintain an agreement or part of an agreement concluded between them prior to 1st January 1947, the Council shall be notified accordingly and, if the Council finds that the interests of third parties are unaffected, the agreement may continue.

2. Should any contracting Government be party to an agreement with a non-contracting Government containing any provisions inconsistent with this Agreement that contracting Government shall at the earliest practicable date take all reasonable steps to achieve the necessary amendment.

Article XX (Co-operation with Intergovernmental Organizations)

1. The Council shall make whatever arrangements are required to ensure cooperation with the appropriate organs of the United Nations and its specialized agencies.

2. If the Council finds that any terms of this Agreement are materially inconsistent with such requirements as the United Nations through its appropriate organs and specialized agencies may

establish regarding inter-governmental commodity agreements, such inconsistency shall be deemed to be a circumstance affecting adversely the operation of the Agreement and the procedure prescribed in paragraphs 3, 4 and 5 of Article XIII shall be adopted.

Article XXI (Languages)

The English and French texts of this Agreement are equally authentic.

Article XXII (Definitions)

For the purposes of this Agreement:

"Bushel" means sixty pounds avoirdupois.

"Crop-year" means in respect of Australia, the period from 1st December to 30th November; in respect of Canada, the period from 1st August to 31st July; in respect of the United States of America, the period from 1st July to 30th June; and in respect of any other country such period as may be agreed between that country and the Council.

"Exporting country" means, as the context may require, either a Government which has accepted this Agreement as the Government of an exporting country or that country itself.

"Free-market prices" means the prices at which transactions other than those relating to guaranteed quantities take place between exporting and importing countries.

"Importing country" means, as the context may require, either a Government which has accepted this Agreement as the Government of an importing country or that country itself.

"International Trade Organization" means the specialized agency contemplated and so designated in the Report of the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment.

"Old wheat" means wheat harvested more than two months prior to the beginning of the current crop-year.

"Stocks" means the aggregate of the stocks of old wheat at the end of the crop-year held (a) in all elevators, warehouses, and mills; (b) in transit or at railroad sidings; (c) in the case of the United States of America, on farms; and (d) in the case of Canada, stocks of wheat of Canadian origin held in bond in the United States of America.

(Continued on page 1085)

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings¹

In Session as of May 25, 1947

Far Eastern Commission	Washington	1946 Feb. 26
United Nations:		
Security Council	Lake Success	Mar. 25
Military Staff Committee	Lake Success	Mar. 25
Commission on Atomic Energy	Lake Success	June 14
		1947
Commission on Conventional Armaments	Lake Success	Mar. 24
Committee on Progressive Development and Codification of International Law.	Lake Success	May 12
ECOSOC (Economic and Social Council):		
Fiscal Commission	Lake Success	May 19
Subcommission on Freedom of Information and of the Press	Lake Success	May 19
German External Property Negotiations (Safehaven):		1946
With Portugal	Lisbon	Sept. 3
With Spain.	Madrid	Nov. 12
Inter-Allied Trade Board for Japan	Washington	Oct. 24
		1947
International Conference on Trade and Employment: Second Meeting of Preparatory Committee.	Geneva	Apr. 10
ICAO (International Civil Aviation Organization): First Meeting of General Assembly.	Montreal	May 6-27
Congress of the Universal Postal Union	Paris	May 7
CITEJA (International Technical Committee of Aerial Legal Experts): 16th Session.	Montreal	May 10
Council of Foreign Ministers: Commission To Examine Disagreed Questions of the Austrian Treaty.	Vienna	May 12
FAO (Food and Agriculture Organization): Rice Study Group	Trivandrum, Travancore, India.	May 15
International Radio Conference	Atlantic City	May 15
PMCC (Provisional Maritime Consultative Council)	Paris	May 16-19

Scheduled for May-July 1947

FAO (Food and Agriculture Organization):		
Subcommittee on Plant and Animal Stocks	Washington	May 26-30
Executive Committee	Washington	June 2
Panel on Soil Erosion Control	Washington	June or July
IEFC (International Emergency Food Council): Fourth Meeting	Washington	May 26-27
United Nations:		
Economic Commission for Europe:		
Transport Session	Geneva	May 27
Second Session	Geneva	July 5
Special Committee on Palestine	Lake Success	May 26
ECOSOC (Economic and Social Council):		
Economic and Employment Commission	Lake Success	June 2
Human Rights Drafting Committee.	Lake Success	June 9

¹ Prepared by the Division of International Conferences, Department of State.

Calendar of Meetings—Continued

		1947
United Nations: ECOSOC—Continued		
Fifth Session	Lake Success	July 19
Narcotic Drugs Commission	Lake Success	July 24 ²
Economic Commission for Asia and the Far East:		
First Session	Shanghai	June 16
Committee of the Whole	Lake Success	July 7
Preparatory Conference of Experts on Telecommunications	Lake Success	June 16
German External Property Negotiations With Turkey (Safehaven)	Ankara	May 28 ²
Eleventh International Congress of Military Medicine and Pharmacy	Basel	June 2-7
Royal Sanitary Institute: 51st Congress	Torquay, England	June 2-6
ECITO (European Central Inland Transport Organization): Seventh Session of the Council (Second Part).	Paris	June 3
International Cotton Advisory Committee: Sixth Meeting	Washington	June 9
ILO (International Labor Organization):		
102d Session of Governing Body	Geneva	June 13-17
30th Session of International Labor Conference	Geneva	June 19
Permanent Agricultural Committee	Geneva	July
IRO (International Refugee Organization): Second Session of Preparatory Commission.	Geneva ²	June 16
ICAO (International Civil Aviation Organization):		
South American Regional Air Navigation Meeting	Lima	June 17
South Atlantic Regional Air Navigation Meeting	Rio de Janeiro	July 15
Caribbean Commission: Fourth Meeting	Jamaica	June 23-28
International Congress of River Transportation	Paris	June 26-28
IARA (Inter-Allied Reparation Agency): Meeting on Conflicting Custodial Claims.	Brussels	June
UNRRA Council: Seventh Session	Washington	June
International Sugar Council	London	June or July
International Telecommunications Plenipotentiary Conference	Atlantic City	July 1
International Council of Scientific Unions: Executive Committee	Paris	July 1-2
International Rubber Study Group	Paris	July 1
Fourth International Congress of Administrative Sciences	Bern	July 20-27
UNESCO Executive Board	Paris	July

² Tentative.

Activities and Developments »

THE SOURCES OF JAPANESE IMPORTS¹

1. The primary objective in selecting the sources of imports into Japan should be to minimize the cost and difficulty of procurement. Factors to be

¹ Policy decision approved by the Far Eastern Commission on May 8, 1947, and released to the press on May 20. A directive based upon this decision has been forwarded to the Supreme Commander for the Allied Powers for implementation.

ACTIVITIES AND DEVELOPMENTS

taken into account are price, terms of purchase other than price, and assurance of meeting scheduled requirements.

2. In determining the sources of imports into Japan of commodities in world short supply, due consideration should be given to the needs of countries other than Japan in addition to the factors mentioned in paragraph 1.

3. In procurement of commodities in world surplus or in procurement of any commodity whose export to Japan is of substantial commercial importance to a member of the United Nations, while primary consideration should be given to the objectives outlined in paragraph 1 above, consideration should also be given to such other relevant factors as the interests of all members of the United Nations, including any new trade situations or demands arising in postwar circumstances and prewar patterns of trade, so long as the prewar patterns of trade reflect current economic interests of the countries concerned. Taking into account the foregoing principles the Inter-Allied Trade Board may recommend individual treatment for different types of imports.

4. This statement of policy will in no way be permitted to jeopardize the fulfillment of United States responsibilities for the prevention of such widespread disease or civil unrest as would endanger the occupying forces or interfere with military operations.

THE DESTINATION OF JAPANESE EXPORTS¹

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients

¹ Policy decision approved by the Far Eastern Commission on May 8, 1947, and released to the press on May 20. A directive based upon this decision has been forwarded to the Supreme Commander for the Allied Powers for implementation.

who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

(a) Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

(b) Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

(c) Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid—subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destination of exports from Japan of commodities in world short supply or commodities, whose import is of substantial commercial importance to a member of the United Nations, consideration should be given to the interests of all members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph 1 and also to other factors, including the requirements of countries for the commodities concerned, and new situations or demands arising in postwar circumstances and the prewar patterns of trade, so long as the prewar patterns of trade reflect current economic needs of the countries concerned. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

(a) The price should be the established world price where such a price exists.

(b) Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

DIVISION OF REPARATION SHARES¹

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the terms of reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfilment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

The clauses herein on reparations and references to this subject are without prejudice to the views of governments on the overseas assets issue.

U.S. DELEGATION TO HEALTH CONGRESS OF ROYAL SANITARY INSTITUTE

[Released to the press May 22]

The Secretary of State announced on May 22 that the President has approved the composition of the United States Delegation to the Health Congress of the Royal Sanitary Institute which is scheduled to be held at Torquay, England, from June 2 to 6, 1947. The nominations of the delegates were based upon the recommendations of the War Department, the Navy Department, the Federal Security Agency, and the American

Public Health Association. The members of the United States Delegation are as follows:

Chairman

Dr. Martha M. Eliot, Associate Chief, U.S. Children's Bureau, Social Security Administration, Federal Security Agency

Vice chairman

Surgeon Burnet M. Davis, Public Health Methods Activities, U.S. Public Health Service, Federal Security Agency; Liaison Officer, British Ministry of Health, London

Delegates

Dr. Thomas D. Dublin, Professor of Preventive Medicine and Community Health, Long Island College of Medicine, Brooklyn

Col. Martin F. DuFrenne, M.C., U.S.A., Liaison Officer, Office of the Director General, British Army Medical Service, London

Capt. Arthur W. Loy, M.C., U.S.N., Assistant Naval Attaché, American Embassy, London

Dr. Harry S. Mustard, Director, Columbia University School of Public Health, New York

The invitation to the United States to participate in the Health Congress was transmitted by the United Kingdom on behalf of the Royal Sanitary Institute. This Congress resumes the annual series held before the war at which the Government of the United States was represented for a number of years. The last Royal Sanitary Institute Congress was held in 1939 at Scarborough, England. The purpose of the forthcoming meeting is to provide an opportunity for public health workers from all parts of the world to discuss subjects of mutual interest and to renew professional relationships.

The Congress will be divided into sections where papers will be discussed on the following topics: preventive medicine; engineering and architecture; maternal and child health; veterinary hygiene; food and nutrition; housing and town planning; hygiene in industry; and tropical hygiene. The meetings of the sections will be followed by conferences of medical officers of health, engineers and surveyors, sanitary inspectors, and health visitors.

¹ Policy decision approved by the Far Eastern Commission on May 8, 1947, and released to the press on May 20. This decision has been communicated to the Supreme Commander for the Allied Powers.

THE RECORD OF THE WEEK

Passage of Bill Authorizing Assistance to Greece and Turkey

STATEMENT BY THE PRESIDENT¹

[Released to the press by the White House May 22]

The act authorizing United States assistance to Greece and Turkey, which I have just signed, is an important step in the building of the peace. Its passage by overwhelming majorities in both Houses of the Congress is proof that the United States earnestly desires peace and is willing to make a vigorous effort to help create conditions of peace.

The conditions of peace include, among other things, the ability of nations to maintain order and independence, and to support themselves economically. In extending the aid requested by two members of the United Nations for the purpose of maintaining these conditions, the United States is helping to further aims and purposes

identical with those of the United Nations. Our aid in this instance is evidence not only that we pledge our support to the United Nations but that we act to support it.

With the passage and signature of this Act, our Ambassadors to Greece and Turkey are being instructed to enter into immediate negotiations for agreements which, in accordance with the terms of the Act, will govern the application of our aid. We intend to make sure that the aid we extend will benefit all the peoples of Greece and Turkey, not any particular group or faction.

I wish to express my appreciation to the leaders and members of both parties in the Congress for their splendid support in obtaining the passage of this vital legislation.

REGULATIONS FOR CARRYING OUT THE PROVISIONS OF THE ACT ENTITLED "AN ACT TO PROVIDE FOR ASSISTANCE TO GREECE AND TURKEY"²

By virtue of the authority vested in me by the act of May 22, 1947, entitled "An Act to provide for assistance to Greece and Turkey", hereinafter referred to as the act, and as President of the United States, I hereby prescribe the following regulations for carrying out the provisions of the act:

1. Subject to such policies as the President may from time to time prescribe, the Secretary of State is hereby authorized, through such departments, agencies, and independent establishments of the Government as he may designate, to exercise any power or authority conferred upon the President by the act, including expenditure of funds made available for the purposes of the act.

2. The Chief of Mission to Greece or Turkey appointed by the President pursuant to section 8 of the act shall, under the guidance and instructions

of the Secretary of State, direct United States activities within Greece or Turkey, as the case may be, in furnishing assistance under the act. The Secretary of State may delegate to the Chief of Mission such powers or authority conferred by this order as he may deem necessary and proper to the effective carrying out of the provisions of the act and of the basic agreement with the Government of Greece or Turkey, as the case may be, setting forth the general terms and conditions under which assistance is to be furnished.

3. The Secretary of State shall provide, and at his request other departments, agencies, independent establishments, and officers of the Government shall cooperate in providing to the extent considered feasible in keeping with their other established governmental responsibilities and to the extent that funds may be available therefor, such personnel, together with their compensation, allowances, and expenses, and such administrative supplies, facilities, and services as may be necessary and proper to the effective carrying out of the provisions of the act.

¹ Issued upon signature May 22 of S. 938, 80th Cong., 1st sess.

² Ex. Or. 9857, 12 *Federal Register* 3331.

4. Subject to the provisions of paragraph 2 hereof, the powers and authority conferred upon the Secretary of State by this order shall be exercised by the Secretary or, subject to his direction and control, by such officers and agencies of the Department of State as he may designate, in the interest of effective administration and proper coordination of functions under the act.

5. The Secretary of State shall make appropri-

ate arrangements with the Secretaries of War and the Navy, and the heads of other Government departments, agencies, and independent establishments concerned, in order to enable them to fulfill their responsibilities under the act.

HARRY S. TRUMAN

THE WHITE HOUSE

May 22, 1947

AN ACT TO PROVIDE FOR ASSISTANCE TO GREECE AND TURKEY¹

WHEREAS the Governments of Greece and Turkey have sought from the Government of the United States immediate financial and other assistance which is necessary for the maintenance of their national integrity and their survival as free nations; and

WHEREAS the national integrity and survival of these nations are of importance to the security of the United States and of all freedom-loving peoples and depend upon the receipt at this time of assistance; and

WHEREAS the Security Council of the United Nations has recognized the seriousness of the unsettled conditions prevailing on the border between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other, and, if the present emergency is met, may subsequently assume full responsibility for this phase of the problem as a result of the investigation which its commission is currently conducting; and

WHEREAS the Food and Agriculture Organization mission for Greece recognized the necessity that Greece receive financial and economic assistance and recommended that Greece request such assistance from the appropriate agencies of the United Nations and from the Governments of the United States and the United Kingdom; and

WHEREAS the United Nations is not now in a position to furnish to Greece and Turkey the financial and economic assistance which is immediately required; and

WHEREAS the furnishing of such assistance to Greece and Turkey by the United States will contribute to the freedom and independence of all members of the United Nations in conformity with the principles and purposes of the Charter: Now, therefore,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of any other law, the President may from time to time when he deems it in the interest of the United States furnish assistance to Greece and Turkey, upon request of their governments, and upon terms and conditions determined by him—

(1) by rendering financial aid in the form of loans, credits, grants, or otherwise, to those countries;

(2) by detailing to assist those countries any persons in the employ of the Government of the United States; and the provisions of the Act of May 25, 1938 (52 Stat. 442), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph: *Provided, however, That no civilian personnel shall be assigned to Greece or Turkey to administer the purposes of this Act until such personnel have been investigated by the Federal Bureau of Investigation;*

(3) by detailing a limited number of members of the military services of the United States to assist those countries, in an advisory capacity only; and the provisions of the Act of May 19, 1926 (44 Stat. 565), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph;

(4) by providing for (A) the transfer to, and the procurement for by manufacture or otherwise and the transfer to, those countries of any articles,

¹ Public Law 75, 80th Cong., 1st sess.

services, and information, and (B) the instruction and training of personnel of those countries; and

(5) by incurring and defraying necessary expenses, including administrative expenses and expenses for compensation of personnel, in connection with the carrying out of the provisions of this Act.

SEC. 2. (a) Sums from advances by the Reconstruction Finance Corporation under section 4 (a) and from the appropriations made under authority of section 4 (b) may be allocated for any of the purposes of this Act to any department, agency, or independent establishment of the Government. Any amount so allocated shall be available as advancement or reimbursement, and shall be credited, at the option of the department, agency, or independent establishment concerned, to appropriate appropriations, funds or accounts existing or established for the purpose.

(b) Whenever the President requires payment in advance by the Government of Greece or of Turkey for assistance to be furnished to such countries in accordance with this Act, such payments when made shall be credited to such countries in accounts established for the purpose. Sums from such accounts shall be allocated to the departments, agencies, or independent establishments of the Government which furnish the assistance for which payment is received, in the same manner, and shall be available and credited in the same manner, as allocations made under subsection (a) of this section. Any portion of such allocation not used as reimbursement shall remain available until expended.

(c) Whenever any portion of an allocation under subsection (a) or subsection (b) is used as reimbursement, the amount of reimbursement shall be available for entering into contracts and other uses during the fiscal year in which the reimbursement is received and the ensuing fiscal year. Where the head of any department, agency, or independent establishment of the Government determines that replacement of any article transferred pursuant to paragraph (4) (A) of section 1 is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(d) (1) Payment in advance by the Government of Greece or of Turkey shall be required by the President for any articles or services furnished to such country under paragraph (4) (A) of

section 1 if they are not paid for from funds advanced by the Reconstruction Finance Corporation under section 4 (a) or from funds appropriated under authority of section 4 (b).

(2) No department, agency, or independent establishment of the Government shall furnish any articles or services under paragraph (4) (A) of section 1 to either Greece or Turkey, unless it receives advancements or reimbursements therefor out of allocations under subsection (a) or (b) of this section.

SEC. 3. As a condition precedent to the receipt of any assistance pursuant to this Act, the government requesting such assistance shall agree (a) to permit free access of United States Government officials for the purpose of observing whether such assistance is utilized effectively and in accordance with the undertakings of the recipient government; (b) to permit representatives of the press and radio of the United States to observe freely and to report fully regarding the utilization of such assistance; (c) not to transfer, without the consent of the President of the United States, title to or possession of any article or information transferred pursuant to this Act nor to permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the recipient government; (d) to make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Act; (e) not to use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Act for the making of any payment on account of the principal or interest on any loan made to such government by any other foreign government; and (f) to give full and continuous publicity within such country as to the purpose, source, character, scope, amounts, and progress of United States economic assistance carried on therein pursuant to this Act.

SEC. 4. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (b) of this section, to make advances, not to exceed in the aggregate \$100,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine.

(b) There is hereby authorized to be appropriated to the President not to exceed \$400,000,000 to carry out the provisions of this Act. From appropriations made under this authority there shall be repaid to the Reconstruction Finance Corporation the advances made by it under subsection (a) of this section.

SEC. 5. The President may from time to time prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred upon him pursuant to this Act through such department, agency, independent establishment, or officer of the Government as he shall direct.

The President is directed to withdraw any or all aid authorized herein under any of the following circumstances:

(1) If requested by the Government of Greece or Turkey, respectively, representing a majority of the people of either such nation;

(2) If the Security Council finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly finds that action taken or assistance furnished by the United Nations makes the continuance of such

assistance unnecessary or undesirable;

(3) If the President finds that any purposes of the Act have been substantially accomplished by the action of any other intergovernmental organizations or finds that the purposes of the Act are incapable of satisfactory accomplishment; and

(4) If the President finds that any of the assurances given pursuant to section 3 are not being carried out.

SEC. 6. Assistance to any country under this Act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress.

SEC. 7. The President shall submit to the Congress quarterly reports of expenditures and activities, which shall include uses of funds by the recipient governments, under authority of this Act.

SEC. 8. The chief of any mission to any country receiving assistance under this Act shall be appointed by the President, by and with the advice and consent of the Senate, and shall perform such functions relating to the administration of this Act as the President shall prescribe.

Approved May 22, 1947.

Correspondence Relating to the Greco-Turkish Aid Bill

LETTER FROM THE SECRETARY OF STATE TO REPRESENTATIVE EATON¹

MY DEAR MR. EATON:

I regret that I was not in Washington during the consideration by your Committee of the Greek-Turkish aid bill. As the bill comes before the House of Representatives for consideration I would like you to have expression of my views on it.

Prior to my departure for Moscow, I participated in the formulation of the program which the President later laid before Congress. The President telegraphed to me in Paris the proposed text of his message of March 12, and I informed the Department that I fully concurred. The bill which was later introduced in both Houses of the Congress, together with the amendments agreed on in the Senate, has my full approval.

My strong conviction that the immediate passage of this bill is a matter of the greatest urgency was made even more positive by the recent meeting in Moscow.

I am in complete accord with the actions taken by Mr. Acheson on this subject in my absence. We were in constant touch with each other and all moves were fully coordinated. Your Committee is deserving of the highest praise for its thorough exploration of the question and for its able and comprehensive Report. I fully endorse the Committee's conclusion that the bill pending before the House would enable the United States, in this crisis, to support the United Nations by pursuing a positive policy in behalf of Greece and Turkey. I am convinced that it will be in our own interest and in the interest of world peace.

I hope that the bill will be enacted as expeditiously as possible.

Sincerely yours,

GEORGE C. MARSHALL
Secretary of State

¹ Read on the floor of the House of Representatives on May 6.

**LETTER FROM AMBASSADOR AUSTIN TO
REPRESENTATIVE EATON**

NEW YORK, May 8, 1947.

HON. CHARLES A. EATON,
*Chairman, Committee on Foreign Affairs,
House of Representatives.*

In answer to your telegram:

In my opinion the United States program for aid to Greece and Turkey does not bypass the United Nations. On the contrary it would be a most essential act in support of the United Nations Charter and would advance the building of collective security under the United Nations.

The United States took the initiative in explaining the proposed United States program to the United Nations Security Council; my statements of March 28, 1947, and April 10, 1947, set forth in full the reasons necessitating the American-aid program and the relationship of this program to the purposes and principles of the United Nations.

I informed the Security Council on behalf of the United States that the United States will immediately register with the United Nations for publication by the Secretary General copies of agreements

connected with the execution of this program which may be entered into between Greece and the United States or between Turkey and the United States.

The Security Council, on the initiative of the United States, is already acting on that aspect of the Greek question with which it is now prepared to deal—the conditions on the northern Greek frontiers.

No organ of the United Nations can at this time provide financial and military assistance to the Greek Government of the emergency character required.

The proposed American program will assist in restoring stability and security in Greece and maintaining them in Turkey. When stable conditions are restored in Greece it should be possible to provide such further financial and economic assistance as might then be required through the Economic and Social Council of the United Nations and related specialized agencies.

WARREN R. AUSTIN

Current United Nations Documents: A Selected Bibliography

There will be listed periodically in the BULLETIN a selection of United Nations documents which may be of interest to readers.

Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York City. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

Economic and Social Council

Commission on Human Rights. Sub-commission on Freedom of Information and of the Press. Constitutional Provisions, International Declarations and Other Statements Concerning Freedom of Information. (Submitted by the Secretariat.) E/CN.4/Sub.1/10, May 16, 1947. 14 pp. mimeo.

—Memorandum on Historical Background of Sub-commission. (Submitted by the Secretariat.) E/CN.4/Sub.1/11, May 16, 1947. 4 pp. mimeo.

—Memorandum on Possible International Action in the Field of Freedom of Information. (Prepared by the

Secretariat.) E/CN.4/Sub.1/6, May 15, 1947. 15 pp. mimeo.

—Plan of Organization of the Conference on Freedom of Information. (Submitted by the Secretariat.) E/CN.4/Sub.1/8, May 19, 1947. 11 pp. mimeo.

—Report of Committee on Substitutes for Absent Members to Sub-commission on Freedom of Information E/CN.4/Sub.1/13, May 19, 1947. 3 pp. mimeo.

—Text of Statement Made at Second Meeting of First Session of Sub-commission on Freedom of Information and of the Press by Mr. Zechariah Chafee (United States). E/CN.4/Sub.1/14, May 19, 1947. 2 pp. mimeo.

Fiscal Commission. Additional Memorandum on Programme of Work. Note by the Secretariat E/CN.8/13, May 18, 1947. 11 pp. mimeo.

—Additional Remarks on Periodic Publications E/CN.8/11, May 17, 1947. 15 pp. mimeo.

—Proposal Submitted by the Delegate for the United States. E/CN.8/22, May 20, 1947. 2 pp. mimeo.

Approval Urged for Peace Treaties With Italy, Roumania, Bulgaria, and Hungary

LETTER FROM THE PRESIDENT TO THE SECRETARY OF STATE

May 5, 1947.

MY DEAR MR. SECRETARY: Since your return you and I have carefully canvassed the existing situation regarding the ratification of the Italian and the three satellite treaties now pending before the Senate. I understand that you will appear soon with Mr. Byrnes before the Senate Committee on Foreign Relations to conclude the hearings on these treaties. You are authorized to say that I concur wholeheartedly in the views which you and Mr. Byrnes will express to the effect that it is in our opinion vital to our foreign policy that these treaties be promptly ratified.

I understand that it has been urged that the inability to agree on an Austrian treaty at Moscow has made the ratification of these treaties inadvisable at this time and that their provisions conflict with the views which I stated to the Joint Session of Congress on March twelfth. I do not share this view. These treaties are the result of months of effort by outstanding leaders of both parties in this Government and of other govern-

ments to work out a common peace in this important area of the world. Nothing has occurred to render their efforts unsound or unwise. It is more than ever important that the Government of the United States should appear to the world as a strong and consistent force in international relations. Treaties which have been worked out with the approval of so large a proportion of all the nations convened at the Paris Conference represent the considered judgment of the international community. Moreover, many of the most difficult problems were resolved as the result of American initiative. It would be a great misfortune and a heavy blow to our country's leadership in world affairs, should we now unilaterally withhold approval of these treaties.

Sincerely yours,

HARRY S. TRUMAN

HONORABLE GEORGE C. MARSHALL
Secretary of State
Washington, D.C.

LETTER FROM UNDER SECRETARY ACHESON TO SENATOR VANDENBERG

April 15, 1947.

MY DEAR SENATOR VANDENBERG:

The Treaty of Peace with Italy is now pending before the Senate Foreign Relations Committee and, I am informed, hearings will begin shortly.

In view of recent discussions which have been had with representatives of the Italian Government on this subject, and the possibility of further discussions shortly, I should like to present, for the information of the Committee, and for the record, a statement of the policy of the Department of State with respect to those provisions of the pending Treaty which affect Italian property in the United States.

You will recall that a major point of United

States policy during the negotiations which led to the final draft of the pending Treaty was the elimination of clauses which might have gravely jeopardized the financial and economic stability of Italy. The claims advanced for reparations were tremendous, although the United States waived the very large claim which it might have presented. Other specific claims for replacement also promised to increase the potential burden on the Italian economy. The Delegation of the United States strenuously argued that reparations from Italy should be eliminated or kept within narrow limits because of the obvious lack of capacity of Italy to pay. Since the United States was concerned with getting the Italian economy on its feet, it was

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feared that reparations payments might become in fact a burden upon countries which provided assistance to Italy. The ultimate reparation formula is designed to minimize this risk.

In the course of these discussions, it was alleged that the United States was in fact demanding a type of concealed reparations through the operation of the provisions in the Treaty which dealt with Italian assets in foreign countries. In reply, the United States Delegation stated as a point of United States policy that, far from benefiting from the fact that there were substantial Italian assets in the United States, the United States would, despite the provisions of what became Article 79, substantially return such Italian property to Italy. This declaration made it possible for the American position against heavy reparations and other burdensome clauses to be effective, and resulted in keeping the reparations allowed within fairly reasonable limits.

As you know, the United States has already taken substantial measures beneficial to the economy of Italy, and has a deep interest in preservation of the stability of that economy. Substantial sums, for example, have been made available to Italy as advances against the troop pay and non-troop pay account. These steps, and others like them, have been taken with a view toward preserving sufficient stability in Italy so that the economic as well as political rehabilitation of that country might be facilitated.

Summaries of Texts of Peace Treaties With Italy, Bulgaria, Roumania, and Hungary¹

SUMMARY OF TREATY OF PEACE WITH ITALY

The Preamble gives a brief historical review of Italy's entry into the war, its surrender, and its co-belligerency against Germany as well as expressing the willingness of the Allied and Associated Powers to support its application to become a member of the United Nations and to conclude the present Treaty.

¹ S. Exec. F, G, H, and I, 80th Cong., 1st sess. For the President's Letter of Transmittal and for the Report of the Secretary of State, see BULLETIN of Mar. 23, 1947, p. 541.

Under these circumstances, the Department feels that United States policy is firmly directed toward the release by this Government of Italian property controlled by it, whether blocked or vested. It is therefore, contemplated that arrangements will be made for the unblocking and return of such property. Adequate safeguards will, of course, be obtained in any agreement on this subject for the protection of any interests of United States nationals which may have arisen during the period of United States custody of this property. Moreover, it is proposed to ask the Italian Government as a condition of such return, to establish a fund which can be used for certain American claims, particularly those arising out of personal injuries to civilians and to military personnel who may have suffered maltreatment in prisoner-of-war camps, etc.

This program as outlined above was adopted in the United States Delegation during the negotiations on the Italian Peace Treaty and was contemplated as the policy to be adopted by the United States in connection with Article 79 of the pending Treaty of Peace with Italy.

I feel that the Committee may wish to have this statement in the record in connection with its consideration of the pending Treaty.

Sincerely yours,

DEAN ACHESON
Acting Secretary

Part I—Territorial Clauses

Section I—Frontiers—Articles 1-5 establish Italy's frontiers, describing the four minor rectifications in the Franco-Italian line and the new lines of the Yugoslav-Italian and Free Territory of Trieste-Italian frontiers as shown on the maps in Annex I, and create boundary commissions for the delimitation of the latter.

Section II—France—Special Clauses—Articles 6-9 provide for the return of archives to France,

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the establishment of a special railway link and the guarantee to insure Italy electric and water supply from the ceded area of Tenda and Briga, further details of which are given in Annex III.

Section III—Austria—Special Clauses—Article 10 takes note of the Austro-Italian agreement regulating autonomy of South Tyrol, the text of which is given in Annex IV.

Section IV—Yugoslavia—Special Clauses—Articles 11–13 provide for cession to Yugoslavia of Zara and the Dalmatian Islands, delivery of cultural property and guarantee of water supply for Gorizia in accordance with detailed provisions of Annex V.

Section V—Greece—Special Clauses—Article 14 provides for cession of the Dodecanese Islands to Greece, their demilitarization and the withdrawal of troops.

Part II—Political Clauses

Section I—General Clauses—Articles 15–18 contain (a) the assurance of human rights and fundamental freedoms, (b) the guarantees of non-persecution of Allied supporters and abolition of Fascist organizations, and (c) the recognition of the Peace settlements.

Section II—Nationality, Civil and Political Rights—Articles 19–20 grant right of option to persons in territories ceded by Italy and to Yugoslav residents in Italy and assure their human rights and freedoms.

Section III—Trieste—Articles 21–22 set up the Free Territory of Trieste with its integrity and independence to be assured by the Security Council and describe its frontiers with Yugoslavia. Annexes VI, VII, VIII, IX, and X refer to this Section. Annex VI contains the statute or charter of the Free Territory to be incorporated in its constitution. The Statute provides for the territory's demilitarization, citizenship of its inhabitants, the democratic organization of its government with legislative authority vested in a popular Assembly and executive power in a Council of Government with special powers conferred upon the Governor appointed by the Security Council, enabling him to protect the integrity and independence of the Territory and human rights of the inhabitants. The statute likewise insures the economic independence of the Territory, makes provision for the operations of its railways and establishes a customs free

port with freedom of railway transport to and from the Territory.

Annex VII sets up the rules for the provisional regime until elections can be held in the Free Territory and until the approval of the Security Council can bring the statute into force. During this period the Governor, assisted by a provisional Council of Government appointed by him, has greater powers, and the responsibility for holding free elections. Allied forces now in occupation are to be limited to 5,000 each for the United Kingdom, the United States and Yugoslavia and are placed at the disposal of the Governor who shall determine after 90 days whether conditions of internal order require their services for a further period.

Annex VIII sets forth the rules for the operation, under a Director appointed by the Governor, of the Free Port available for use on equal terms by all international commerce, provides for freedom of transit of goods transported by railway and precludes the establishment of any special zones within the Port but guarantees berthing facilities to Italy and Yugoslavia. A special international commission of an advisory character composed of representatives of France, the United Kingdom, the United States, the Union of Soviet Socialist Republics, Yugoslavia, Italy, Czechoslovakia, Poland, Switzerland, Austria and Hungary is created to investigate all matters relating to the operation and administration of the Free Port and to make recommendations thereon.

Annex IX gives technical guarantees for the Free Territory to insure water and electric supply from Italy and Yugoslavia and grants facilities for local frontier trade.

Annex X—Economic and Financial Provisions—provides for an orderly transfer of Italian property to the free Territory, an adjustment with respect to the Italian public debt, the continuance and reassignment of insurance obligations, and the return of United Nations property, and contains provisions for such matters as property rights including right of removal, restitution and the disposition of local government property and records.

Section IV—Italian Colonies—Article 23 provides for renunciation of Italian sovereignty over its Colonial possessions and their final disposal

under the terms of Annex XI by the United States, the United Kingdom, the Union of Soviet Socialist Republics and France in the light of the wishes and welfare of the inhabitants and the interests of peace and security. Failing agreement within one year, matter is to be referred to the UN Assembly for final solution.

Section V—Special Interests of China—Articles 24–26 liquidate former Italian leases and special rights in China.

Section VI—Albania—Articles 27–32 provide for the final liquidation of the special position, rights and claims of Italy in Albania and for the restoration of property.

Section VII—Ethiopia—Articles 33–38 likewise provide for final liquidation of the special position, rights and claims of Italy in Ethiopia and for the restoration of property.

Section VIII—International Agreements—Articles 39–43 eliminate any special position for Italy as regards mandate system, Congo Basin treaties, Red Sea Islands and the Statute of Tangier and provide for the recognition by Italy of the liquidation of the League of Nations and other similar bodies.

Section IX—Bi-Lateral Treaties—Article 44 provides for the revival of pre-war treaties notified to Italy by the Allied and Associated Power concerned.

Part III—War Criminals

Article 45 insures that Italy will take necessary steps looking to the surrender of war criminals and persons accused of treason but gives the Ambassadors at Rome of the great Powers control of the interpretation of this clause.

Part IV—Naval, Military and Air Clauses

Section I—Duration of Application—Article 46 provides that the limitations imposed upon the Italian armed forces remain in effect until modified by agreement either with the Allied and Associated Powers or with the Security Council.

Section II—General Limitations—Articles 47–55 provide for demilitarization of the Franco-Italian frontier, the Italian-Yugoslav frontier, Sardinia, Sicily, and the Mediterranean Islands, as well as for prohibition upon atomic weapons, guided missiles, long-range guns and the limitation on the number of tanks and war material in excess of the amount required for forces limited

by the treaty, as well as a prohibition upon service in the armed forces of a former Fascist militia and Republican Army member.

Section III—Limitation of the Italian Navy—Articles 56–60 establish limitations upon the Italian Navy in accordance with the schedule contained in Annex 12–A providing for a small but balanced fleet. The remaining vessels of the Italian Navy are to be placed at the disposal of the four Powers in good condition and provision is made for disposal of submarines, non-operational naval vessels, as well as for prohibition upon the construction of battleships, air-craft carriers, submarines, motor torpedo boats and assault craft and upon replacement construction in excess of the tonnage limit of 67,500 tons. Personnel of the Italian Navy is established at 25,000 officers and men. Naval training is restricted to the above personnel.

Section IV—Limitation of the Army—Articles 61–63 set the limits for the Italian Army at 185,000 and for the Carabinieri at 65,000 and prohibit military training for other persons.

Section V—Limitation of the Air Force—Articles 64–66 limit the Italian Air Force to 200 fighter and 150 transport and other aircraft and to a personnel strength of 25,000 and further prohibit bomber aircraft. Military air training is restricted to the above personnel.

Section VI—Disposal of War Material—Article 67 lays down the rules for disposal of surplus war material.

Section VII—Prevention of German and Japanese Rearmament—Articles 68–70 provide for Italian cooperation in prevention of Axis rearmament.

Section VIII—Prisoners of War—Article 71 requires prompt repatriation of Italian prisoners of war.

Section IX—Mine Clearance—Under Article 72, Italy is invited to join the Mine Clearance Organization and will place its minesweeper forces at the disposal of this body.

Annex XIII contains definitions of terms used in this Part.

Part V—Withdrawal of Allied Forces

Article 73 calls for withdrawal from Italy of all armed forces of the Allied and Associated Powers within 90 days and the return of goods in their possession.

Part VI—Claims Arising Out of the War

Section I—Reparations—Article 74 sets the figures for Italian reparation at \$100,000,000 for the Soviet Union, \$5,000,000 for Albania, \$25,000,000 for Ethiopia, \$105,000,000 for Greece and \$125,000,000 to Yugoslavia (total \$260,000,000) to be paid over a period of 7 years, which does not, however, start for 2 years except by mutual agreement. Reparation will be made not in cash but from surplus war factory equipment, from Italian assets in Roumania, Bulgaria and Hungary, from capital goods and assets, and from current production. Deliveries are to be scheduled in such a way as to avoid interference with Italy's economic reconstruction and placing a burden on other Allied or Associated Powers. States receiving reparation from current production must provide raw materials required. Specific deliveries are to be determined by mutual agreement, and machinery is established for supervision of reparation. Persons whose property is taken for reparation purposes will be compensated by Italy.

Section II—Restitution by Italy—Article 75 provides for the return in good order of identifiable property removed from territory of any of the United Nations, including monetary gold, and for method of presenting claims.

Section III—Renunciation of Claims by Italy—Articles 76-77 make provision for (a) renunciation by Italy of any claims upon the Allied and Associated Powers for loss or damage from war operations including Prize Court decrees and exercise of belligerent rights, (b) assumption of responsibility for Allied Military currency, (c) eligibility for restitution of Italian property in Germany, and (d) waiver of all Italian claims against Germany.

Part VII—Property, Rights and Interests

Section I—United Nations Property in Italy—Article 78 provides for restoration of all legal rights and interests in Italy of the United Nations and their nationals and for restoration of their property in good order. In cases where the property cannot be restored or is damaged, the owner shall receive compensation in Italian lire to the equivalent to $\frac{2}{3}$ of the loss. This same responsibility extends to United Nations property in the ceded territories and the Free Territory of Trieste.

Section II—Italian Property in the Territory of the Allied and Associated Powers—Article 79

authorizes the Allied and Associated Powers to take over property of Italy and its nationals in their territories and to apply the property or its proceeds to settlement of claims against Italy not settled by other clauses. The following are exempted from this provision: (a) consular and diplomatic property, (b) property used for religious or charitable purposes, (c) property of persons permitted to reside in the country, where the property is located, or elsewhere in United Nations territory, (d) property rights arising since resumption of trade or from transactions after the Armistice, (e) literary and artistic property rights, and (f) property in ceded territories not taken as reparation.

Section III—Declaration in Respect of Claims—By Article 80 the Allied and Associated Powers declare that their claims against Italy have been settled by other clauses of the Treaty.

Section IV—Debts—Article 81 makes provision for continuance of pre-war obligations.

Part VIII—General Economic Relations

Article 82 requires that for a period of 18 months Italy shall, on a reciprocal basis, (a) grant most favored nation treatment to United Nations and their nationals, (b) make no arbitrary discrimination against their goods, (c) grant no exclusive or discriminatory rights in respect to commercial aviation and (d) afford equality of opportunity in obtaining international commercial aviation rights and extend the right to fly over Italian territory.

Part IX—Settlement of Disputes

Article 83 establishes provision for Conciliation Commissions to settle disputes in connection with restitution and restoration of United Nations property.

Part X—Miscellaneous Economic Provisions

Articles 84 and 85 relate to the scope of application of the economic articles and the legal form of the economic annexes.

Part XI—Final Clauses

Articles 86 and 87 authorize the Ambassadors in Rome of France, the United Kingdom, the United States and the Soviet Union acting in concert to represent all the Allied Powers in matters relating to the interpretation of the Treaty for a period of 18 months, and, with no time limit, to

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settle disputes concerning interpretation or execution of the Treaty. If this method fails, provision is made for special commissions for this purpose.

Articles 88-90 provide for accession by other powers, restrict the rights and benefits under the Treaty to those Powers which ratify, and lay down the procedure for signature and the coming into force of the Treaty upon ratification by the Soviet Union, the United Kingdom, the United States and France.

Economic Annexes—Not Specifically Referred to in Any Article of the Treaty

Annex XIV—Economic and Financial Provisions relating to Ceded Territories

These clauses provide for the orderly transfer of Italian property in these areas, and adjustment with respect to the Italian public debt, the continuance and reassignment of insurance obligations and the return of United Nations property and contains provisions for such matters as property rights including right of removal, restitution and the disposition of local government property and records.

SUMMARY OF TREATY OF PEACE WITH BULGARIA

The Treaty of Peace with Bulgaria in general contains the same provisions as the Treaty with Roumania. The differences are noted as follows:

Article 1 establishes the frontiers as of January 1, 1941, which include Southern Dobruja transferred from Roumania in August 1940.

No specific clauses relating to non-discrimination against the racial minorities or return of property were deemed necessary in the light of Bulgaria's record of non-persecution.

Article 9 sets the limits for Bulgarian Armed Forces at 55,000 for the Army, 1,800 for anti-aircraft artillery, 3,500 for the Navy, and 5,200 for the Air Force with a 7,250 tons limit for the Navy and 90 aircraft for the Air Force.

Article 12 prohibits the construction on the north side of the Greco-Bulgarian frontier of permanent fortifications and military installations capable

Annex XV—Special Provisions relating to Certain Kinds of Property

A.—Industrial, Literary and Artistic Property clauses establish Allied rights and interests in this form of property.

B.—Insurance clauses relate to resumption of insurance business.

Annex XVI—Contracts, Periods of Prescription and Negotiable Instruments

The special clauses relating to the foregoing do not apply as between the United States and Italy.

Annex XVIII—Prize Courts and Judgments

A.—Prize Courts—This Section provides for a review of all Italian Prize Court decisions in cases involving ownership rights.

B.—Judgments—This section likewise provides for a review of court judgments after the outbreak of the war when a United Nations national involved was unable to make adequate presentation of his case.

of being employed for firing into Greek territory.

Article 20 calls for complete withdrawal of all Allied forces and return of goods in their possession, no exceptions being necessary in this case.

Article 21—Reparation in the amount of \$45,000,000 to Greece and \$25,000,000 to Yugoslavia is provided, payable in kind from products of manufacturing and extractive industries and agriculture over a period of eight years, deliveries to be regulated by agreement with Greece and Yugoslavia. Valuation is to be made on basis of 1938 international market prices with a percentage increase.

Article 30 provides that Bulgaria should facilitate railway transit traffic through its territory and negotiate the necessary agreement for this purpose.

Annex VI omits the clauses relating to Prize Courts as inapplicable in this instance.

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SUMMARY OF TREATY OF PEACE WITH ROUMANIA

The Preamble is similar to the preamble of the Italian Treaty, recites the events leading up to the Armistice of September 12, 1944, and expresses the willingness of the Allied and Associated Powers to conclude the present Treaty and to support Roumania's application to become a member of the United Nations.

Part I—Frontiers

Articles 1-2 establish Roumania's frontiers as those existing on January 1, 1941, shown on the map contained in Annex I, which confirm the transfer of Southern Dobruja to Bulgaria, recognize Soviet sovereignty over Bessarabia and Northern Bucovina, and restore Transylvania to Roumania.

Part II—Political Clauses

Section I—Articles 3-6 provide (a) the assurances of human rights and fundamental freedoms, (b) guarantees of non-discrimination on account of race, sex, language or religion, (c) non-persecution of racial minorities and United Nations sympathizers, (d) abolition of Fascist organizations, and (e) surrender of war criminals and traitors.

Section II—Article 7-10 contain clauses similar to those in the Italian treaty which provide for the recognition of the peace settlements and of the liquidation of the League of Nations and for the renewal of pre-war Treaties. Provision is also made for the termination of the state of war with Hungary.

Part III—Military, Naval and Air Clauses

Section I—Articles 11-19 (a) establish personnel limitations of 120,000 for the Army, 5,000 for anti-aircraft artillery, 5,000 for the Navy, and 8,000 for the Air Force with a 15,000 tons limit for the Navy and 150 aircraft for the Air Force and limit training to the above personnel, (b) prohibit atomic weapons, guided missiles, sea mines, submarines, M.T.B.s and assault craft, (c) provide for disposal of surplus war material, (d) assure Roumanian cooperation for prevention of German re-armament, and (e) provide that the treaty restrictions remain in force until modified by agreement. *Annexes II and III* contain the standard definitions of the terms used in this Part.

Section II—Article 20 requires prompt repatriation of Roumanian prisoners of war.

Part IV—Withdrawal of Allied Forces

Article 21 calls for the withdrawal within 90 days of all Allied forces and the return of goods in their possession, subject to the right of the Soviet Union to maintain troops on the line of communication with its occupation forces in Austria.

Part V—Reparation and Restitution

Article 22 provides for reparation to the Soviet Union in the amount of \$300,000,000 payable in commodities over a period of eight years.

Article 23 provides for the restitution by Roumania of identifiable property removed from United Nations territory and for the method of presenting claims.

Part VI—Economic Clauses

Articles 24-35 contain the standard provisions in respect of (a) United Nations property in Roumania with compensation in local currency for loss or damage equivalent to $\frac{2}{3}$ of the value of the property, including a special provision for ships, not needed in the other treaties, (b) Roumanian property in the territory of the Allied and Associated Powers with the same exceptions from sequestration excluding, however, the inapplicable clause relating to ceded territories, (c) Renunciations of Claims including restitution of property in Germany, (d) Debts, (e) General Economic Relations including commercial aviation clauses, (f) Settlement of Economic Disputes, and (g) Miscellaneous Economic Clauses. In addition, the Roumanian Treaty calls for restoration of property and rights of minorities discriminated against in Roumania with fair compensation if restoration impossible and for transfer to appropriate organizations if property unclaimed or heirless. The right of the Soviet Union to German assets in Roumania is specifically recognized. Article 33 relates to settlement by conciliation and arbitration of disputes arising in connection with prices paid by the Roumanian Government for goods delivered for reparations and acquired from an Allied national.

Part VII—Danube

Article 36 provides for freedom of navigation on the Danube (the declaration relating to the Conference to be held on this subject having been approved by the Council of Foreign Ministers and published on December 6, 1946).

Part VIII—Final Clauses

Articles 37-40 contain the provisions relating to

the interpretation of the Treaty, settlement of disputes, accession by other States, and the coming into force upon ratification by the United States, the United Kingdom, and the Soviet Union.

Annexes IV, V and VI contain the standard clauses relating to (a) Industrial, Literary and Artistic Property, (b) Insurance, (c) Contracts, Periods of Prescription and Negotiable Instruments, (d) Prize Courts, and (e) Judgments.

SUMMARY OF TREATY OF PEACE WITH HUNGARY

Like the Bulgarian Treaty, the Treaty of Peace with Hungary in general contains the same provisions as the Treaty with Roumania. The differences between the Roumanian and Hungarian Treaties are, however, noted as follows:

Article 1 re-establishes the frontiers of Hungary with Austria and with Yugoslavia as those which existed on January 1, 1938. It liquidates the Vienna Award of 1940 and restores Transylvania to Roumania. It establishes a frontier with the Soviet Union in recognition of the transfer of the sub-Carpathian Ukraine from Czechoslovakia to the Soviet Union. It liquidates the Vienna Award of 1938 whereby Hungary received certain territory from Czechoslovakia and restores this territory, together with an increased area across the Danube from Bratislava, providing guarantees of human and civic rights for the population of the ceded area.

Article 5 provides that negotiations shall take place between Czechoslovakia and Hungary to settle the problem of the Magyars residing in Czechoslovakia, and that, if no agreement is reached in 6 months, Czechoslovakia shall be entitled to ask the Council of Foreign Ministers to effect a final solution.

Article 11 requires Hungary to deliver certain categories of cultural property and records to Yugoslavia and Czechoslovakia.

Article 12 sets the limits for personnel of the Hungarian Army, including frontier troops, anti-aircraft and river flotilla personnel at 65,000 and the personnel of the air force at 5,000 with 90 aircraft.

Article 22 which calls for the withdrawal of all Allied forces within 90 days also contains the

reservation in respect of the right of the Soviet Union to maintain troops on line of communication with its occupation forces in Austria.

Article 23 provides for reparation to the Soviet Union in the amount of \$200,000,000 and \$100,000,000 to Czechoslovakia and Yugoslavia payable in commodities over a period of 8 years.

Article 25 calls for the annulment of the legal consequences of the Vienna Award entailed in the return of territory to Czechoslovakia.

Article 26 contains the standard clauses relating to return of property to the United Nations and their nationals and to compensation in the event of loss or damage and extends these provisions to cover such property in Northern Transylvania during period when it was subject to Hungarian authority.

Article 34 provides that Hungary should facilitate railway transit traffic through its territory and negotiate the necessary agreements for this purpose.

Annex VI omits the clauses relating to Prize Courts as inapplicable.

New Salesroom Opened

Publications of the Department of State and selected publications of other Government agencies are now being sold in Room 120 at 1778 Pennsylvania Avenue NW., one of the buildings occupied by the Department of State. The salesroom was opened as a convenience to visitors to the Department and to persons in Washington. It is operated by an agent of the Superintendent of Documents. Mail orders for the Department's publications should be addressed as in the past to the Superintendent of Documents, Government Printing Office, Washington 25, D.C.

Work of Four Power Commission Delayed

STATEMENT BY JOSEPH M. DODGE¹

More than a week after our first meeting and nearly four weeks after the end of the Moscow Conference, the Committee of Experts established by the Council of Foreign Ministers "to give special consideration to Article 35 and the appropriate parts of Article 42 and to the establishment of concrete facts" is still not at work. At the first meeting of this Commission the United States Delegate proposed general instructions to the Committee of Experts under the terms of which it was directed to meet the following day and begin its work. Today the Austrian Treaty Commission begins its seventh meeting by continuing to debate the meaning of the term *concrete facts* and the use to be made of them.

I believe this delay is due to the insistence of the Soviet Delegate, Mr. K. V. Novikov, that the Austrian Treaty Commission limit the work of its Fact-Finding Committee by restricting the operation of the Committee to the finding of certain facts regarding oil in which the Soviet Delegation is interested. The Soviet Delegation has also told the Commission that it is still studying what additional restrictions should be imposed on the Committee with respect to other kinds of German assets. Meanwhile, it insists on renewing a discussion of definitions and formulae which has already continued for nearly two years.

The United States Delegation believes that the purpose of the Foreign Ministers in creating the Committee of Experts was to begin a new approach to a hard problem based on a factual examination of the claims that particular assets were German. The United States Delegate is willing to discuss oil in the Committee of Experts only when there is Four Power agreement to discuss other equally important problems. To do otherwise would set the Committee to work on a problem in which one delegation is particularly interested

and on terms selected by it, thus giving that delegation a veto over the other work of the Committee. Unquestionably, oil is an important problem and the United States Delegation is willing to have the Committee discuss oil without delay provided it is agreed that similar work on other problems may also go forward concurrently.

The United States Delegation has made every effort to meet the Soviet viewpoint and in doing so has even specified the nature of the facts to be examined by the Committee with respect to German assets. Nevertheless, Mr. Novikov is still unprepared to have the Committee of Experts discuss any problem but oil and insists that a discussion of articles 35 and 42 is required before he can formulate his position on other questions in the same manner as he has already formulated his position on oil. The American Delegate regrets this unpreparedness and in a further effort to assist Mr. Novikov will discuss articles 35 and 42 in so far as they bear on the work of the Committee of Experts. In doing so, the United States Delegate recalls fruitless and prolonged earlier discussion of the same subject without the concrete facts the Committee of Experts was established to obtain. Nevertheless, the United States Delegate sincerely hopes that such a discussion will not cause further delays or give rise to new complications but will be speedily ended so that the Committee of Experts can be set to work to establish the concrete facts which the Council of Foreign Ministers called for "without delay".

¹ Made on May 21 at the seventh meeting of the Council of Foreign Ministers Commission To Examine Disagreed Questions of the Austrian Treaty, and released to the press in Vienna on the same date and in Washington on May 22. Mr. Dodge is U.S. Representative on the Commission.

Executive Position on Wool Import Duties Proposed by Congress

LETTER FROM UNDER SECRETARY CLAYTON TO REPRESENTATIVE COOLEY

[Released to the press May 22]

Text of letter from William L. Clayton, Under Secretary of State for Economic Affairs, to Harold D. Cooley, which was released on May 22 on the floor of the House of Representatives

May 22, 1947.

MY DEAR MR. COOLEY: I take pleasure in this opportunity to answer your inquiry of May 19 concerning the views of the Department of State with respect to proposed wool legislation. I refer to S. 814, a bill to provide support for wool and for other purposes, as passed by the Senate and reported favorably with amendments by the Committee on Agriculture of the House of Representatives.

The bill in the form in which it was reported was not under consideration by the Committee on Agriculture when representatives of the Department testified before that body. We have not had a formal opportunity to present our views on the legislation, as it has been reported.

S. 814, as reported with amendments, is intended to achieve three main objectives. First, it directs the Commodity Credit Corporation to support a price to wool producers at the 1946 level until December 31, 1948. This provision is consistent with the proposed long-run program for wool submitted by the President in his memorandum to Senator O'Mahoney March 11, 1946. The Department of State believes this section of the bill accomplishes the essentials of the Administration's plan which recognizes that wool should receive support comparable to that granted to other agricultural commodities.

Secondly, S. 814 authorizes the Commodity Credit Corporation to sell its stocks of wool without regard to restrictions imposed upon it by law. This is necessary because Commodity Credit Corporation must be able to sell wool at the market if it is to dispose of its stocks. This is also consistent with the President's program in the opinion of the Department of State.

Thirdly, an amendment to Section 22 of the Agricultural Adjustment Act has been added to provide for the imposition of fees on any imported article by the Secretary of Agriculture if he finds that imports of said article interfere materially with the wool-support program. The accompanying report shows that the purpose of the fee is to increase the price of imported wool to equal the support level for domestic wool. The Department of State advises against the adoption of this amendment. I understand from the *Congressional Record* that it is proposed to modify this import-fee amendment by directing the President, rather than the Secretary of Agriculture, to impose the fees after investigation by the Tariff Commission. This does not remove the fundamental objections to the provision.

If import fees, which are actually increases in the tariff, are levied, they would be harmful to the interests of the United States in the following ways:

First, the cost to the public in increased prices for woollen manufactures would far exceed the increased returns to the wool growers. The President's memorandum, previously referred to, pointed out that "it will be more desirable from a national point of view and more dependable for growers to have the Government absorb losses on sales of domestic wool rather than to raise additional trade barriers against imports." The cost of supporting returns to wool growers must be borne by the public of the United States regardless of the form that support takes. The tariff itself is a subsidy which is collected, like a sales tax, from consumers through raised prices and conveyed to producers by the same means. To talk about avoiding cost to the Treasury is to evade the issue, for the public, and not the Treasury, pays the bill.

The fee will raise the cost of the raw material. This in turn cumulatively increases the cost of doing business at every stage of the production

process. Therefore, the final cost to the public as a consumer is far greater under the fee than it would be if raw-material prices were not increased by fees and the public, as a taxpayer, paid the subsidy.

In the second place, new import fees on wool would injure the interests of the United States through their effect on our foreign relations. We all recognize the responsibility of this country for leadership, both political and economic, in the postwar world. The United States has taken the initiative in promoting the adoption of principles of economic conduct among nations which would require each country to consider the impact of the economic measures it undertakes on world economic progress. If the proposed amendment providing new import barriers is adopted, the moral leadership of the United States in world affairs will suffer a serious blow.

If at this time, when we are actually negotiating with other countries at Geneva for the lowering of trade barriers, we raise new barriers as this bill proposed, we stand convicted of insincerity.

Wool is a critical item in our current negotiations for an International Trade Organization for the expansion of world trade and employment. Although wool raising accounts for less than one-half of one percent of our agricultural income, it is very important in world trade. It is the most important import into the United States from Australia, New Zealand and South Africa. It is by far their most important source of the dollars they need so badly to buy our exports. If we impose new barriers to this trade, we cannot expect them to cooperate wholeheartedly in creating the type of postwar world we want to have. Without such cooperation, the other British Commonwealth nations would have difficulty joining with us in a mutually advantageous program. Other nations would question the sincerity of our protestations that we do not intend to retreat to economic isolationism.

Let me summarize by saying the Department approves support to wool growers and authority for Commodity Credit Corporation to sell its wool below parity. The Department therefore hopes that the Congress will adopt the proposed bill as passed by the Senate without amendment.

Sincerely yours,

W. L. CLAYTON

Policy on Repatriation of Displaced Persons

STATEMENT BY THE SECRETARY OF STATE¹

[Released to the press May 20]

It is the fixed policy of the United States Government to oppose any forced repatriation of displaced persons. It is also the policy of our Government to facilitate the repatriation of those displaced persons who desire of themselves to return to their homelands. This is in conformity with the principles approved by the General Assembly of the United Nations.

The current repatriation program sponsored jointly by UNRRA and the armies of occupation was approved by the United States Government prior to its initiation, based on the voluntary desire of the individual to return to his homeland. Any coercion of displaced persons under our jurisdiction would not be tolerated. No instances of coercion have been brought to our attention although one half of the program has already been completed.

It is my opinion that the solution for this tragic situation demands that the democratic countries of the world join in offering sanctuary to these displaced individuals. Further, it is my opinion that the United States should take the lead in this matter.

Wheat Agreement—Continued from page 1065

"Wheat", except in Article VI, includes wheat-flour. Seventy-two tons of wheat-flour shall be deemed to be equivalent to one hundred tons of wheat in all calculations relating to guaranteed quantities.

"Wheat year" means any period of twelve calendar months beginning 1st August.

¹ Made on May 20 to a delegation of representatives of the Federal Council of Churches of Christ in America, the National Catholic Welfare Conference, the American Friends Service Committee, the Hebrew Immigrant Aid Society, the American Federation of Labor, the Congress of Industrial Organizations, the Refugees Defense Committee, and the International Rescue and Relief Committee.

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Contributors

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